



April 20, 2005

**State of Michigan
Senate Finance Committee
House Tax Committee
Single Business Tax Restructuring Proposal**

Opening Comments

I would like to thank both committees for giving me the opportunity to appear before you today.

Michigan International Speedway (MIS) is a wholly owned subsidiary of International Speedway Corporation (ISC), a publicly traded company, listed on the NASDAQ. As such, I cannot give much in the way of specific financial information regarding Michigan International Speedway, but the following is information that is public and has been approved by the management of ISC and MIS.

ISC owns and operates 11 of the nation's major motorsports facilities and promotes over 100 events annually. ISC also owns and operates several other subsidiary companies that support the motorsports entertainment industry.

MIS is proud to be located in a state that still celebrates the birth of the automobile. We want Michigan to remain the automobile capital of the world and support tax relief for the manufacturing industry, but not at the expense of others.

Factual Overview of Michigan International Speedway

- According to a 1999 economic impact study by Fine & Associates, MIS has a direct annual economic impact of over \$300 Million. As a comparison, the North American International Auto Show recently listed economic impact numbers on their web-site for several events. Included were their own 2004 annualized economic impact at \$553 million, the San Diego Super Bowl was listed at \$367 million, the 2004 Detroit Ryder Cup at \$114 million and Major League Baseball's World Series was estimated at \$40 million. Clearly, Michigan International Speedway brings heavy hitting economic activity to the area, and the \$300 million plus (again, 1999 numbers) we provide happens **each year**.
- As a significant contributor to economic activity in Michigan, it logically follows that a significant number of jobs are directly and indirectly the result of the activity we bring to the state.
- MIS has sold out 28 consecutive Nascar Nextel Cup Series events over 14 Years. Nascar itself estimates there are 75 million fans nationwide, a significant percentage of our population.
- MIS holds the largest single day sporting event in the state.
- MIS has ticket holders that reside in all 50 states and about 13 foreign countries. About half of our customers come from out of state.

- MIS is the largest licensed campground in the state of Michigan, with over 8,000 campsites.
- MIS hosts several fund-raising events, makes significant charitable contributions, and charitable groups who work our events receive over a half million dollars annually for their efforts.
- There are more Fortune 500 companies represented at each of our two Nascar Nextel Cup events than at any single location in the state throughout the year.
- MIS is currently in the midst of the largest capital renovation in its history, supporting the construction industry in Michigan, and its workers, in a significant way. This multi-million dollar renovation includes a new tower for 16 suites, a club seating level and a press and race control level. All told the structure will contain 3 floors of operations and be about 130 feet in height. We are also renovating the entire area behind the main grandstand, which consists of an excavation and rebuild of approximately 26 acres to create a more fan and family oriented area.

Opposed to Proposed SBT Change

As much as we would like to see tax relief for the manufacturers, we cannot support such relief if it is significantly detrimental to the financial health of MIS. My current estimate of the **increase** in Michigan Single Business Tax, based on this proposal, is about \$330,000. This would be roughly a 55-60% increase over what we have paid in the past under existing law. We are strongly against a tax that increases the burden on a single company by 60%.

As a member of the tax paying community in a down economy, the seemingly prudent thing for state government to do would be to look to spending restraint rather than raising taxes. The State of Michigan has a budget approaching \$40 billion. There has to be some room for spending restraint in a budget of that size. If the State of Michigan were a business, it would be one of the top 100 revenue producers in the world. It takes in more revenue each year than Microsoft, for example. Company revenue numbers were obtained from Forbes.com. This spending budget of almost \$40 billion, coupled with a proposed tax system that will hurt a broad base of profitable companies, are incentives for these companies to relocate themselves to other states with more favorable tax profiles. Who is more likely to have the resources to relocate? Profitable companies, or those with thin margins? Unfavorable state tax profiles tend to make companies that are not here yet eliminate Michigan as a potential location. It also provides an incentive for companies that are here to reduce or limit capital spending.

Finally, we want to acknowledge and give credit to those in state government who have started and are participating in this debate. Michigan appears to be at an economic tipping point and the decisions made at the state government level now will have repercussions for years to come. However, let me be clear that we cannot support a tax proposal that punishes profitable companies and is a deterrent for them to locate and stay in Michigan.

Presented by: Dan C. DuBois, CPA and Controller, Michigan International Speedway